

please file

5/055/006

State of Utah
School and Institutional Trust Lands Administration



675 East 500 South, Suite 500
Salt Lake City, UT 84102
Phone (801) 538-5100
Fax (801) 355-0922

DATE: 3-17-03
TO: Paul Baker
FAX NUMBER: 359-3940
PHONE:

FROM: John Blake

TOTAL PAGES: 4 INC. THIS COVER

DESCRIPTION: herewith is my recent
correspondence with shumway's
regarding the Factory Butte area.

RECEIVED

MAR 17 2003

DIV. OF OIL, GAS & MINING

RECEIVED

DEC 23 2002

TRUST LANDS
ADMINISTRATION

**Sunray Mineral Products, Inc.
4986 Spanish Valley Dr.
Moab, Utah 84532
435.259.0850**

December 9, 2002

John T. Blake
State of Utah
School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2618

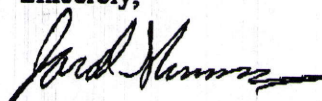
RE: ML 44815-Clay
GOGM Permit #S/055/006

Dear John:

Thank you for your help with the lease. Sunray Mineral Products has authorized Organa Mineral Products, Inc. (Gary Jackson) to do some assessment work with the understanding that Organa will reclaim the disturbed area. We also understand that Sunray is ultimately responsible for the leased land.

We are in the processes of completing the Proposed operations checklist and the revenue report.

Sincerely,



Jared Shumway
Sunray Mineral Products, Inc. - Sec.



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

Stephen C. Boyden
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

November 25, 2002

Jared Shumway
Sunray Mineral Products, Inc.
4986 Spanish Valley Drive
Moab, UT 84532

RE: ML 44815-Clay
DOGM Permit #S/055/006

Dear Mr. Shumway:

Thank you for phoning me on November 25 in response to my letter of October 16, 2002. I'm enclosing herewith two sets of instructions, one for filing notification of your proposed operations upon the leased lands and another for reporting production activity and paying royalties.

The terms and conditions of your Clay lease contain specific requirements regarding notification of operations and the reporting of production. Failure of Lessee to comply with all terms and conditions of the lease may result in lease cancellation. Please carefully read and understand Lessee's obligations under the lease and contact me if you have any questions.

No party other than Sunray Mineral Products, Inc. has been authorized by the Trust Lands Administration to conduct operations upon the leased lands. Please immediately notify me in writing regarding Gary Jackson or any other parties whom Sunray Mineral products, Inc. may designate as operators upon the leased lands. Sunray Mineral Products shall be held responsible for all operations.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Paul Baker



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CERTIFIED MAIL # 7106 4575 1292 2028 4263 October 16, 2002

Sunray Mineral Products, Inc.
4986 Spanish Valley Dr.
Moab, UT 84532

RE: Mineral Lease ML 44815-Clay
DOGM Permit #S/055/006, Factory Butte Mine (Humic Shale)

Gentlemen:

Increased activity has been observed at the Factory Butte humic shale mine. It is noted that a new pit has been opened up at a location several hundred feet east of the original diggings and that leased substances have apparently been removed from the new pit.

No production or removal of the leased substances from the new pit has been reported to the Trust Lands Administration. I am writing to call your attention to Article VI of the mineral lease requiring Lessee to report production and pay accrued royalties not later than the last day of the month succeeding the month in which production or removal of the leased substances occurs. Annual rental and minimum royalty may be credited against production royalty, but a report of such production and royalty calculation is nevertheless required.

Also, Article XII of the terms and conditions of the lease requires that Lessee notify the Trust Lands Administration not less than sixty days before commencing operations which will disturb the surface of the leased lands. The new pit that has been opened up is a new disturbance and is in variance with the original plan of operations submitted to the Trust Lands Administration.

From date of this letter Lessee has thirty days to make remedy by submitting an amended plan of operations to account for the new surface disturbances and to report all unreported production from the leasehold and calculate and pay any royalties that may have accrued to the trust.

Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Paul Baker

*Carver called 11/25/02
report form and
NOT instruction sent
by 5/12/03*